

City of Sunnyvale OPEB Trust

2014 1Q Summary

Economic Overview

Equity markets embarked on a rollercoaster ride for the first two months of the first quarter of 2014, with negative performance across the board in January before recovering a significant portion of these losses in February and posting small gains in March. Fourth-quarter U.S. gross domestic product (GDP) expanded at a 2.6% annual pace, as consumer spending reached its highest level in three years. Slower-than-expected economic growth was attributed in part to the large amounts of ice and snow that blanketed the country for much of the winter. This growth was an improvement from the previous year, as real GDP increased 1.9% in 2013 (that is, from the 2012 annual level to the 2013 annual level). The U.S. unemployment rate remained unchanged at 6.7% for the entire quarter. Geopolitical uncertainty caused by Russia's annexation of the Crimean peninsula jeopardized economic growth in Europe and sparked a brief flight to safety before many investors focused on improvements in the U.S. economic outlook.

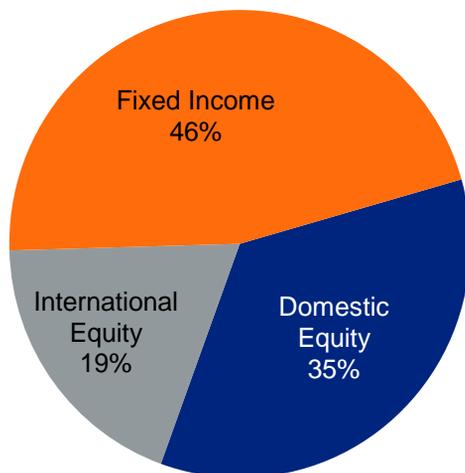
Since Inception	
Initial Funding January 2011-April 2011	\$32,613,608
Contributions	\$11,122,534
Fees	(\$384,304)
Earnings	\$11,562,100
Total Value as of 3/31/2014	\$54,913,938

Portfolio Performance (Period Ending 3/31/2014)				
	First Quarter	1 Year	3 Years	Since Inception
Portfolio	1.7%	10.6%	8.4%	8.8%
Benchmark ¹	2.0%	8.9%	7.3%	7.5%

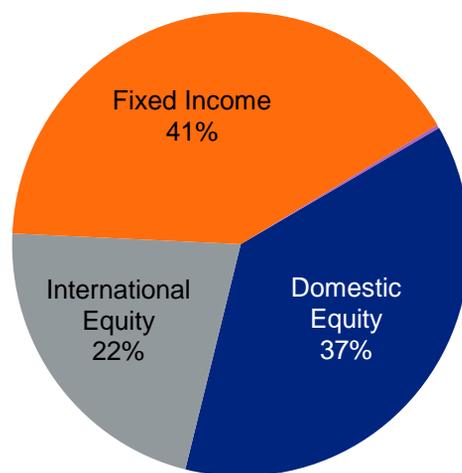
Asset Allocation

(3/31/2014)

Target Allocation²



Actual Allocation



¹ Blended Benchmark –February 2011: 28% Russell 3000 Index + 17% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT Equity
 2.5% DJ UBS Commodity TR Index + 50% Barclays Aggregate; July 2012: 29% Russell 3000 Index + 18% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT
 Equity 2.5% DJ UBS Commodity TR Index + 48% Barclays Aggregate; July 2013: 30% Russell 3000 Index + 19% MSCI AC World ex USA (Net) + 2.5% FTSE
 NAREIT Equity 2.5% DJ UBS Commodity TR Index + 46% Barclays Aggregate

² The asset allocation range are: Domestic Equity: 25%-45%; International Equity: 9%-29%; Fixed Income 26%-66%.

